98-84374-11

Leighton, George Eliot

The need for comprehensive currency...

St. Louis

[1893?]

98-84374-11
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Leighton, George E[liot] 1835-
The need for comprehensive currency reform, before the American bankers association at Chicago, Oct.19,1893. St.Louis [~~1893?~~] Nixon Jones, [1893?]
cover-title, 20 p. 23 cm.

Volume of pamphlets.

TECHNICAL MICROFORM DATA

FILM SIZE: 35MM REDUCTION RATIO: 11:1 IMAGE PLACEMENT: IA IIA IB IIB

DATE FILMED: 3-31-98 INITIALS: KA

TRACKING # : 32245

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

THE NEED

—FOR—

COMPREHENSIVE CURRENCY REFORM.

Before the American Bankers Association at Chicago, Oct. 19, 1893,

BY

Geo. E. Leighton of St. Louis.

Nixon-Jones Printing Co.
215 Pine St., St. Louis.

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COMPREHENSIVE CURRENCY REFORM.

BEFORE THE AMERICAN BANKERS ASSOCIATION AT CHICAGO, OCT. 19, 1893,

BY

GEO. E. LEIGHTON OF ST. LOUIS.

There has not been for years, a time more opportune than the present, for the full consideration of the character of our whole monetary system, — its defects as well as its advantages. The discussions which have taken place within the past two or three years, and more especially within the past few months, in the public press — the only real avenue to the popular mind, although in a large degree confined to a single phase of the question, have enlisted a degree of public interest and attention, rarely given to questions of this character; and it is a cause for the profoundest satisfaction that notwithstanding many erroneous ideas had become deeply rooted in the public mind, particularly in certain sections of the country, the discussion has resulted on the whole, in a steady and well established progress toward a more accurate perception of the real questions involved, and the really national importance of a wise and proper solution of them.

It is not well to lose faith in the intelligence, the justice, and right-mindedness, of the American people. However

misled for a time, by want of accurate information, by prejudice, indifference or by pure demagogery, no cause, just in itself, need fear to commit itself to their arbitrament — if only a full and fair discussion can be secured and their attention enlisted.

To secure the requisite attention and consideration is the great difficulty. The average citizen is too much engrossed by his immediate personal interests, too easily satisfied with anything in the way of currency that will *go*, and rarely considers the question whether the time may not be near when it will *cease to go*.

At no time in the history of the country — certainly not since the decade 1830–1840, when the problems growing out of the expiration of the United States Bank charter were pressing for solution, has the public mind been more intensely interested in questions affecting the currency — at no time has it been more open to a full consideration of everything relating to it.

To those directly associated with monetary affairs, the many defects in our system have been long apparent. Indeed it cannot be said that we have a system — for there is no bond of unity and no definite theory or purpose can be applied to it as a whole. Every constituent of it, except the gold coinage, is in its very nature distinct and temporary. Every constituent came to it not as a well considered commercial or economic need, or as part of a well matured harmonious and consistent system, but as an expedient, conceived primarily for some other purpose, and governed largely by its needs, to which commercial necessity was compelled to adapt itself.

While it is evident that the absurd, wasteful and mischievous scheme of creating a currency, based upon the purchase and warehousing of silver, is to come to an end some time — our currency as a whole will still remain a motley, mixed, incongruous, and inharmonious mass, with-

out a single unifying principle and subject to possible disintegration at any time, wherever subjected to unusual strain.

The legal tender notes were issued in the stress of civil war — and having served their purpose, ought to have been honorably retired at the earliest moment consistent with the public interest. Their existence since the resumption of specie payment (1879) compels the government to assume many of the functions of a banker, for which it is ill-adapted, locks up a vast amount of gold which ought to be doing its work more fully in the commercial world, and must always keep before the people the idea of governmental money, dangerous at any time, but especially so, in a country in which popular impulse so often overcomes the better judgment of legislators.

Our national bank currency, admirably conceived to carry out its original purpose of floating the war issues of bonds under present conditions of the public debt, has in the nature of things, but a few years to survive at best. No longer profitable, the inducement to extension of volume is removed, there can be no elasticity and by the low interest rate and gradual retirement of the bonds the day is not far distant when it must all be surrendered.

The silver certificate cannot remain permanently in our system unless, in some way, silver is brought to a legal equality of value with our gold currency.

In the brief time allotted for this paper, I do not propose to discuss the general question of the double standard. If there is anything at all in bimetallism, it is the idea of a *single* and *uniform value* represented by two distinct metals in proper ratio. But no intelligent bimetallist will contend that a currency system can be maintained upon two standards of differing values or upon two metals coined in ratio representing totally different values, though the coin be called by the same name. If it can, then we may as well

dismiss all consideration of relative values, and save our metal by coining five to one or three to one or at even weight. All our silver coinage and our silver certificates simply represent 371 grains of silver and nothing more. There is no provision anywhere in law for intereonvertibility with gold or the legal tender note at any ratio.

Our national bank currency being redeemable in any legal tender, has no assured legal value beyond the least valuable money in which it may be redeemed. Hence it is to all intents and purposes, not superior to a silver certificate or a silver dollar.

Practically we all know that a certain parity with gold has been maintained in our domestic exchanges. But this has depended, not upon fixed and definite provisions of law assuring it, but upon the voluntary policy of the present and the three previous administrations. A system is not stronger than its weakest point, and the weak point in our monetary system is the legal possibility of disintegration whenever the officers of the government under the forms of law, determine to use the stores of silver in payment of national obligations. If the beginning of the panic of the present year can be said to date from any particular day, it was the day when the Secretary of the Treasury *was reported* to have declared his intention to pay out silver in redemption of the coin (Sherman) notes; and although the executive statement of the president (April 24) promptly and in the broadest terms disavowed such a purpose on the part of the administration, or any member of it, the mischief had been done, in calling the attention of the country to the imminent possibilities of the currency situation — possibilities which still remain, and will remain under present legislation, even though the purchase of silver cease.

There is in law no provision which provides for the maintenance of that parity which it is declared in the act of 1890 it is the intention and purpose of the United States to maintain. A declaration of purpose without any provision of law for carrying out that purpose in some practicable way, is not the proper basis of credit on the part of a government, any more than it is on the part of an individual; and especially when, as in the present case, there is a known organized, and formidable hostility to the purpose itself. What the country requires is a well considered permanent monetary system — a system that will meet every condition, give absolute unity to our whole currency whether coin or paper and endure for generations. Such a system can only be established by clear, distinct and absolute provisions — fully adequate to the purpose. Any doubt as to security or stability would destroy all possibility of success.

The very first step in the creation of a sound financial system must be the final and definite settlement of the position of our present silver coinage, and if the present standard is to be maintained, to make that purpose legally definite, by providing the means for interconvertibility with gold as required — in other words to make a silver dollar in fact the full equal of the gold dollar, in accordance with the purpose declared in the act of 1890.

I confess that I do not know of any magical way of doing this. We have over four hundred millions of silver coin deficient in actual value. Fluctuating as it is in its relation to gold, recoinage upon an approximate ratio of 24 or 28 to 1 — would in the absence of international agreement only be a temporary expedient. Its rise or fall in value would again disturb our whole currency system, so long as it remained a distinct element — with no provision for interchange. But as the government is alone responsible for this element in our coinage, it must sooner or later simply on the ground of common honesty, assume the responsibility of maintaining its value to the holder unimpaired.

I know of no more direct, certain and effective and in-

deed economical way than to provide by law, for the redemption in gold at the treasury for every silver dollar presented, and for authority on the part of the treasury to issue bonds from time to time as may be needed to provide for the redemption. Anything less than this will leave the question of certain permanent value in doubt, and will fail to eliminate the evil. No one can determine in advance just how much silver we may be able to use in domestic exchanges — consistently with the maintenance of the gold standard. We know from experience not only in our own but in other nations, that the country will take a very large amount, and that it can hold it, if the increase has ceased. We know too that there is a point where if real value is doubted distrust will affect the whole, and that we have substantially reached that point under present provisions for indefinite increase. Under proper provisions for protecting its value, it is quite possible that all of our present coinage may find a useful place. It is an axiom of finance that under such a law, securing convertibility, only the surplus whatever amount that might prove to be, would call for conversion. I very much doubt, if our silver coinage should cease at once, if a single dollar would be presented under such a provision. Probably in years, twenty or thirty or fifty millions would represent the maximum demanded. When its value is definitely fixed by the establishment of the legal right of conversion, not all indeed, but one and the chief objection to silver coinage is eliminated.

Another step, and a most important one — in view of the relation of the government to our whole currency system, is some provision more adequate than the present, for securing to the government its revenues or at least some portion of them in gold, and this can be done perhaps most effectively by requiring the payment of customs duties in gold as formerly.

It cannot have escaped the notice of any observer that under present legislation the government is called upon in every season of unfavorable international trade to provide the necessary gold for international exchanges. Gold must come out of the treasury in redemption of the legal tender notes, or the coin notes, to provide the necessary amount required for shipment in settlement of balances.

But when international trade balances on the other hand are in our favor, gold comes to the individuals and banks alone. The government receives no part of it, except through purely voluntary payment. The inevitable result in a series of years is precisely what we have seen — a gradual but unvarying decline in the stock of gold held by the government. Contributions by banks to maintain the reserve such as we saw in April, under the legal conditions now existing, are a good deal like Mrs. Partington's attempt to sweep back the sea. It is not well, nor does the wise financier delay until the reserve is destroyed before taking alarm. The fundamental mistake lies in the fact that conditions under the law as it now is, inevitably tend towards, and unless corrected will surely lead to its ultimate exhaustion, instead, as they ought, towards its maintenance unimpaired. We may look with equanimity upon a considerable depletion of the reserve due to strictly temporary causes, but when due to permanent causes — causes which we know will continue to act and with increasing force, there is just reason for serious distrust.

These two steps — the settlement of the status of our silver coinage and the better provision for an ample supply of gold in the treasury as a protection to the legal tender notes — the coin notes — and the silver are present and immediate needs. Every day's delay in taking them simply deepens the cloud of uncertainty which overhangs our whole business life, and by paralyzing all new enterprises throughout the country and discouraging both foreign and

domestic investment, adds to the national depression. I do not believe that confidence will be re-established until such action is taken.

But we shall still have a banking system which has fulfilled all that was intended by its founders, and which in its relations to the currency at least, requires early reconstruction. Before much can be done in this direction I fear that we have before us another "campaign of education." We have much, very much, to do, to eliminate the fallacies about banks and banking so industriously circulated during the period of the silver craze. It will require effort, concerted and well-directed, to educate the popular mind to the necessity of a broad, comprehensive, and uniform currency system — a system distinctly national — but if we are in earnest the result will not be doubtful.

In the more sparsely settled States, the view of monetary affairs in all its aspects, is not unnaturally narrow and circumscribed, and it is difficult for those so situated to comprehend the requirements of the larger commerce of the country. Yet it cannot be difficult to show that the handling of 600,000,000 bushels of wheat, 1,800,000,000 bushels of corn and 7,000,000 bales of cotton, having an aggregate value of over $1,500,000,000 must require banking facilities of the most perfect order, commanding ample capital, whose transactions must be predicated upon a secure and stable standard, and be carried on with the least possible risk or friction; or that the commerce of the smallest cross-road village is directly interested in the safety and prosperity of the larger commerce of the country. It is a fact known to every banker or merchant that no serious derangement can occur to that larger commerce, without producing a congestion which sooner or later will reach to the remotest hamlet. We are all members of one body commercially, in a degree far more perfectly than ever before in the world's history. The railroad, the telegraph and the steamship have annihilated time and space. The derangements of Liverpool or Manchester the next day affect the markets in Memphis or Galveston, as those of Liverpool or Harvre affect those of Chicago or St. Louis; or those of London or Frankfort affect those of New York or Boston. There is, as a fact, a commercial solidarity of the civilized world, and for this reason the more nearly our monetary standard conforms to that of other commercial nations — the less friction will there be in our commerce — the less burthen in the settlement of the exchanges arising from it — the less charges for the service of the middleman and the more the producer will receive.

It seems very hard to convince the farmer in Kansas, or Nebraska, or Texas, that the price of wheat or cotton at the remotest railway station, is directly and positively affected by every burthen which is imposed upon commerce between that point and the place of consumption in England, France or Germany. It matters not that he deals with Chicago, or St. Louis, or Omaha, or Memphis, Savannah, or New Orleans, for these and even New York, Philadelphia and Boston are but intermediate stations where stocks are aggregated for final distribution. Shillings or francs or marks must always be converted into dollars through the international exchanges, before the producers' price is determined.

Hence, as a *State* currency would be more efficient than a *city* currency — so a sound *national* currency would be more efficient than a State currency and, if it were possible, a *world* currency would be more efficient than a national currency. We may not have this in the present stage of civilization, in all its details and forms, but by having a world standard in gold, and an adequate gold reserve, equivalents are fixed, the process of adjustment is simple and involves no burthen to commerce.

What is true of the unity or solidarity of the world in its

commerce, is true also as to the solidarity of the world in the flow of its surplus capital. States, counties, cities, and the myriad forms of private enterprise in water-works, tramways, light companies, buildings, bridges, docks, and railways need the capital, idle in Europe or in the older cities; and just as surely as these enterprises are founded in honest purpose, projected with wisdom, and managed with prudence, and commend themselves to the judgment of prudent men, that capital will come under a stable and secure financial system, and it will not come, however great the surplus, under a system that is doubtful in these essential qualities.

There is no greater delusion than to think that a discredited money only affects the owner of moneyed capital. He can take care of himself as to every future transaction and as he has reasonable ground for distrust he has already commenced to take care of himself as to the present. It will not pay, to put it on no higher ground, to cheat him once and lose all opportunity to do so again. Nations, States, counties and cities have learned this lesson in the past. Not a few have succeeded in cheating once, and without exception, have paid for all they have gained a hundredfold in the years succeeding. Unquestioned credit means the command of the world's money at all times at the lowest rate of interest. We need not give ourselves any great concern about the capitalist. The greatest sufferers from the existence of a doubtful dollar are the producer, the consumer, the merchant and the wage-earner who must take it just as it is. He has little choice.

There is another point upon which many of our western and southern friends have mistaken notions, which ought to be and I think can be changed, through frank discussion. It is this — that in some way or other not defined — a banking system is created in the primary interest of moneyed capital. I know of no delusion more pronounced or which

asserts itself so persistently. Even in our national legislature, a proposition can scarcely be suggested for the perfection of our banking system, through some new provision for safety, security or public convenience, which experience has indicated as desirable, that it is not at once attacked, as if it were being urged to advance some monopoly antagonistic to the popular welfare.

A sound banking system is as much a commercial need as the railway or the steamship or the postal service — a need as important to the farmer, the laborer or the artisan as it is to the merchant or manufacturer.

The charter of the bank of Scotland (1695) begins by the declaration of its object "*for the benefit of the nation and the advancement of agriculture, commerce and manufactures.*" This is a fair statement of the only legitimate reason for the existence of any bank.

The bank has become an essential factor in the processes of modern civilization. Its existence facilitates every form of production and sale — the interchange of commodities throughout the world, and the smooth and easy flow of our whole domestic and international commerce. Its absence or a defective system, imposes additional burthens, hampers domestic and international exchanges, and comes home as a charge in some way to every producer and consumer. The widest experience and the soundest judgment of the nation, should be enlisted in securing its perfection and its adaptation to the broadest national needs.

Any system therefore should be conceived and developed in the interest of the national commerce. It should have no consideration for the interest of individuals or institutions as such, except as these considerations lead to safety, security and wise administration. If the primary consideration be to enable profits to be secured for banks or bankers it would not deserve national consideration. As a business for profit, banking must take its chances with

every other business. It is entitled to no bounty or protection or special favor. Under any wise general banking law, there is little danger that large or unusual or unreasonable profits can be secured.

I think it is a fact scarcely recognized by our rural brethren or by legislators that the dividend declared upon bank stocks throughout the United States rarely exceed the average rate of interest upon which the capital invested could be safely loaned, 6 to 7 per cent. Earnings beyond this are consumed in taxes, expenses of administration and the necessary fund to protect against losses. When there are exceptions, they are in large measure due, not to any undue burthen exacted from the public, or to any favor derived from the law, but to the exceptional favor and patronage bestowed by individuals more or less connected with them as directors or stockholders or more often to the exceptional command of public confidence due to wise and prudent management.

If we can approach this question or induce Congress to approach the question from the stand-point of a universal commercial need, much of the antagonism which has been manifested will disappear.

Indeed this is the true stand-point — this need of commerce, from which the silver question should be considered. Its solution has been hampered and obscured by the idea that somehow or other there was an industry to be encouraged, a local interest to be protected by special bounty, in the interest of which the commerce of the whole country, amounting in sixty cities as shown by bank clearings to over sixty thousand millions annually, shall cheerfully assume all the dangers and disturbances due to a depreciated currency. There should be no friendship or enmity and we owe no allegiance to either silver or gold. Both are servants to be employed so far, and only so far, and under circumstances in which they subserve the needs of

the commerce of the country. As servants, we have the same interest in them that we have in the barge, the canal boat, the sailing vessel or the steamship. As commodities we have the same interest that we have in our lead, iron or copper, our wheat, corn or cotton. These are all most important instruments or subjects of commercial intercourse, but the idea that it is the duty of the government to try to maintain any definite and fixed relation between the sailing vessel and the steamship, or between the value of copper and iron or between corn or wheat has not yet been formulated by the new school of populist economics. Each is the best for the special need which it fulfills best. Beyond that it is not the best and the law cannot make it better than it is, or force it into a service which it inadequately performs.

Added to this idea of excessive profits in banking which can so easily be shown to be erroneous, the objection to banks, on the part of the inhabitants of the newer States, comes from another cause, arising in misconception of the purpose of a bank as a commercial instrument. I refer to the practice and necessity of a bank confining itself to short loans and exacting prompt payment. It is of the essence of safe banking that it should confine itself to short temporary loans representing some form of exchange of commodities. Its assets should represent commodities in their transition from production to consumption. The Bank of England, the Bank of France, and the Bank of Germany make four months' bills the limit, and their transactions will not average a limit of two months. Mobility of capital is the first law of banking. The bank of discount cannot be counted upon in any community for material assistance in furnishing the means which fixed capital should supply. This is all trite and commonplace to the experienced banker, yet it is the lesson which bank failures teach over and over again. A considerable proportion of recent suspensions

are due in large degree to the mistaken policy of sustaining individuals or corporations in investments of fixed capital in land or local projects which though probably good could not be recalled when needed. The absence of Savings banks, Loan and Trust companies or other institutions whose essential nature permits them to take loans of this class — in the south and west, has in these sections, of necessity thrown upon the commercial banks much business of a character which the banks of the more central and eastern portions of the country have escaped, and made the whole business of banking more difficult to restrain within strictly safe and conservative limits.

In the great cities where an actual daily market provides for the quick conversion of forms of fixed capital represented by stocks and bonds of established value, this pressure or more properly this danger is absent. A more liberal policy on the part of the western and southern States in the creation of Saving's banks, Trust companies and Loan associations under rigid State supervision, would go far to remove this burthen from the strictly commercial institutions, and make them more valuable and useful to the community, in strictly commercial directions.

It is worthy of consideration whether something like savings departments, governed by distinct rules of investment, may not be engrafted upon the banks of the national system. In the larger cities, work of this character can be perhaps better performed by distinct institutions, but in the smaller cities of the south and west not permitting advantageously of the double expense of administration, in my judgment such a department may be created by law with advantage.

This combination of distinct departments of banking in one institution may strike many experienced bankers as a most dangerous innovation. But in St. Louis several of the largest banks have grown out of a system of this character and in one of the largest commercial banks of the city, the time deposits (six months or one year) represent over one-third of the whole, in another nearly one-half. Such an experience of the three largest banks of the city extending through thirty or forty years — a purely natural development, not provided for by law — would seem to establish the public need as well as the working capacity of banks having this dual character. In the St. Louis banks, time deposits are made at fixed rates of interest as in the Trust companies of the Eastern cities. The future tendency since the establishment of Trust companies will probably be for the double department system to decline, but it has filled an important place in the past forty years. The true Savings bank is scarcely known in the south or west. But any provision which encourages the deposits of savings at fixed, though low rates of interest, for definite periods, is a distinct public as well as private benefit.

No banker certainly fails to appreciate the difficulty of securing a wise, safe and prudent national currency from an American Congress. The fact so recently demonstrated that a small minority can delay, and upon any subject upon which the nation is not fairly aroused, can defeat legislation acceptable to the majority, illustrates the difficulty.

In any other country, even republican as ours, legislation of this character would be framed by experts, and submitted in complete form with all the authority due to wide experience and ample knowledge of the particular subject, to be discussed, amended and perfected as the wisdom of the legislative body might determine. The principles of finance are not obscure or intricate. They vary little if any from the principles of sound business in the smallest town. But the machinery for their application to the varied and complex conditions of commercial intercourse, domestic and foreign, the provisions for safety and security determined by the world's actual experience in monetary affairs, are not

readily perceived by the novice, however able and experienced he may be, as statesman, lawyer, farmer, artisan or in any other profession or pursuit. It would be of immense value therefore, and perhaps it is the only way in which a broad, safe and comprehensive working system, with all its safeguards, can be secured, to have the scheme perfected by a commission of experts, before presentation to Congress. Such a commission would in no sense take upon itself any part of the real work of legislation nor should it be considered in any other light than as an aid to the legislative authority in the details of a special subject. While not assuming the formal character of an expert commission, it is a matter of common knowledge that much of the legislation affecting army, treasury, Indian and naval affairs is prepared for submission to Congress by experts in the several branches of the great departments. Coming to the consideration of Congress thus prepared as a complete scheme with well considered details and all its interdependent parts carefully adjusted, a large portion of the purely constructive work would be already done, and the attention of legislators more directly called to the broad and general principles of the scheme and the adequacy of provision for its efficient working. Bills may undoubtedly be introduced, carefully prepared by members quite competent to do so, and there are such bills now in committee, but there may be a dozen or more of such bills each differing from the other fundamentally or partially, favored often by individual pride and opposed from individual, party or sectional motives. A complete financial scheme framed by experts, founded upon the commercial needs of the whole country, having in view the just requirements of every section of the country, of the west as well as the east, of the south as well as the north, of the new and sparsely settled States as well as the richer and more populous ones, of the larger

commerce of the country, as well as the smaller, would come to the consideration of the national legislature in a form to concentrate public attention, elicit direct public discussion of its principles and methods and materially aid in securing a result satisfactory to the whole country.

I hope I shall offend no one in this assembly when I say that in my observation and experience, bankers as well as congressmen sometimes limit their view of the needs of the country to the narrow circle and characteristic local conditions in which they move: and this is true both of New York and Boston as well as of Kansas and Missouri.

It would be premature and out of place at this time to outline the provisions of such a system in detail. But there are one or two points which in any system should be considered.

First. It should be based upon a sound standard — a standard in harmony with that of the commercial world.

Second. It should provide for a currency issued under strict government supervision, uniform and distinctly national in its character, so that it would serve the purpose of a currency everywhere in the United States. In a gradual way it should look to the final retirement of every other form of paper circulating currency, whether in the form of coin certificates, silver certificates or legal tender notes.

Third. It should be authorized and based upon ascertained unimpaired capital and protected by a coin reserve, at least one half in gold, held by the banks; and should be further guaranteed by a fund in the hands of the government derived from a tax on circulation adequate for that purpose as in the Canadian system. Experience in this country seems to prove that a tax of one-tenth to one-eighth of one per cent per annum would be amply sufficient. The importance of a definite requirement of coin as a basis for paper currency — such as is required in all other civilized countries,

has been almost overlooked in our long dealing with legal tender notes. It is important that a great commercial nation should hold a body of coin within its limits adequate to the stress of war — or other great national exigency — or unfavorable international exchanges — and the proper depository of such coin is the banks of the country. They should be required to hold it to a specified extent as a part of their reserve whether they issue currency or not. Such a provision in a way anchors it to the public service. The retention of gold is not now required anywhere except as the government reserve, and that is inadequately protected. In some such way as this we shall be able to absorb on a safe basis the mass of silver which we have so unwisely accumulated, when its value has been clearly determined.

Fourth. It should provide in some way for relief from the excessive strain, which on occasion comes to every banking system, and some provision of law should exist like that which has grown up in the English system under which through an Order in Council the bank act as to currency issues may be suspended, without compelling liquidation. In other words what has been so satisfactorily accomplished in the reserve cities by the voluntary action of the banks in the settlement of balances between themselves by the use of a temporary credit money consisting of clearing-house certificates, should have under proper conditions and subject to the approval of the comptroller of the currency, or secretary of the treasury, the full sanction of law.

The banks of the great centers of trade, drawn upon by great districts often embracing many States, are subject to a peculiar strain in times of extended distrust, which banks of purely local affinities are not called upon to sustain. It is not in the interest of the bank alone, but chiefly in the interest of every person dealing with it, in fact of every member of the community, that a thoroughly solvent institution should be protected against a temporary whirlwind of panic.

The history of the oldest and strongest institutions like the Bank of England and the Bank of France is dotted with these cyclonic storms, at intervals of thirty or fifty years — which under their system have always been met, through temporary relief from technical obligation, under conditions which have not affected their solvency or seriously impaired their value to the community for commercial purposes even for the time of suspension.

Banking as I have said is a commercial necessity — and no people on the face of the earth needs a safe, secure and stable system so much as do those of the United States. We are by nature a trading people, our domestic commerce is probably the largest in the world — our foreign commerce only second to that of the greatest. We are and must ever continue to be producers of a surplus of agricultural products for the sale of which we must depend upon foreign markets. The steadily increasing cheapness of steam transportation upon the ocean — the building of railways in Russia — in Australia, in the Argentine Republic and in India have all contributed to stimulate production and enable these countries to compete with our wheat, and cotton in the markets of the old world. If we are to hold our own point of vantage in that competition we must strip ourselves of every weight and burthen — strengthen ourselves by every device which facilitates the movement of our products through all the channels both of domestic and foreign commerce to the points of consumption.

From the earliest days of true banking in Athens, Corinth and Rome, where deposits were received, loans made and foreign exchanges deposited and through the medieval period when the Bank of Florence in the 13th and 14th centuries and the Bank of Venice in the 15th and 16th centuries fostered the commerce of the world and down to the

present day, no instrument which in the development of civilization has been devised, has contributed more to facilitate the employment of labor and promote the exchanges of the products of industries than have the banks.

What might have been considered in some countries and under some stages of civilization a monopoly and in fact was a monopoly, can be no longer so — especially in the United States. Any banking system in this country must be absolutely free, and subject only to the necessary conditions and limitations which experience has shown to be essential to sound, safe and stable institutions. Under such conditions it ought not to be difficult to draw the attention of the public to the weakness of our present currency and banking system — the outgrowth of a period when necessity rather than choice determined its chief features, and which has fully reached in its present form, the limit of usefulness, and enlist a wide public interest in efforts for its reconstruction upon principles which the experience of the world has definitely established as most conducive to safety, security and stability, and most useful in meeting the wants of all classes of our people.

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